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Plumbing, heating, cooling supplement:
The one-step, two-step shuffle—pp. 27-42

National
Home Center News

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"You've created a money machine. It comes in the back door as nails and boards, and goes out as cash."

—Jack D. Guthrie, Builders Square operations vp, at opening of Sterling Hts., Mich., unit. NHCN photo

Builders Square expansion: 2 units in Detroit, 2 in Florida

Church's gets new life, new stores, new style

UTICA, Mich. — Church's Lumber Yards said it would increase its store count by some 25% this year with the opening of three stores intended to firm up its competitive position in the Detroit market.

The company also plans to complete the modernization of its older stores with the renovation of three units by the end of this year. The expansion and remodeling comes at a time when the Detroit market is heating up from the arrival of Builders Square and renovation of Forest City, with The Home Depot expected in 1986.

The round of new stores, which is bringing new life to a chain that has maintained a relatively level store count of about a dozen units over the past several years, began May 5 with the opening of a 13th unit in the Oak Park section just north of downtown Detroit.

The 30,000-sq.-ft. store will be followed, according to company president William R. Church, with a unit to be opened July 4 in Sterling Heights, about seven miles from a new Builders Square warehouse which opened last month in that northern Detroit suburb.

Church would not specify the location of the third unit slated for this year, but said it would open in

(Continued on page 66)

By Phillip M. Perry
NHCN senior editor

DETROIT — Builders Square stretched its coverage farther north and south last month, with the M[illegible] of an 80,000-sq.-ft. unit in this city's northern suburb of Sterling Heights, preceded the previous day by new stores in the Florida towns of Daytona Beach and Pensacola.

The Sterling Heights store is part of a larger effort by the chain to have up to nine warehouse stores in the Detroit market by next year. Builders Square had opened a smaller store in Detroit's eastern suburb of Mount Clemens in April.

"Detroit is one of the strongest markets in the country," said Bernard Fauber, chairman of K mart, the parent company of Builders Square, while walking the floor of the Sterling Heights store on opening day. "There's a lot of pent up demand" for home improvement products, he added.

Builders Square officials attending the Sterling Heights opening said the company

(Continued on page 49)

Mich. Gen'l plans sale-leasebacks to cut Diamond debt

Firm garners $10M from 5 Calif. stores; President Boudreau resigns post suddenly

John Boudreau, after meeting with security analysts in New York. NHCN photo

NEW YORK — Michigan General, parent company of the unit Diamond Lumber, has accepted an investor group offer for the sale and leaseback of five Sacramento, Calif., area stores, for $10 million.

The move is part of a larger effort by the $449 million company, which is based in Carrollton, Tex., to obtain up to $60 million in revenue from the sale and leaseback of Diamond Lumber units this year and next.

"The revenues will be used to grow Diamond Lumber, to relieve our long term debt and chiefly to relieve our short term debt," said corporate president and ceo John R. Boudreau speaking to a group of securities analysts here May 30.

On June 3, subsequent to the analysts' meeting, Boudreau resigned from the company, de-

(Continued on page 66)

Dealers, contractors offer to help rebuild Philly neighborhood

Mr. Goodbuys' Erlbaum, other samaritans lend assistance to Mayor

By Milford Prewitt
NHCN associate editor

PHILADELPHIA — About a month ago, a part of a west Philadelphia neighborhood that Steven Erlbaum had once called home burned down during a controversial and highly publicized police action.

Erlbaum, chairman of Mr. Goodbuys Inc., grew up a few blocks away from the site of the May 13 inferno that killed 11 members of a radical group, destroyed 60 homes, upset the lives of dozens of families and left a $5 million repair bill before it was over.

Now, in an effort to aid in the recovery of the community, Erlbaum's Mr. Goodbuys, another local home center, several building contractors, construction suppliers and the National Assn. of Homebuilders have either made proposals or given material and financial assistance to the City of Brotherly

(Continued on page 65)

NEWSBREAKS

MR. HOW NAMES PRESIDENT. Norman Darrer was promoted June 3 to president, from operations vp, of Mr. HOW Warehouse, Margate, Fla.

SCOTT'S AGREES TO MERGER. Scott's Seaboard of Lithicum, Md., operator of 17 home centers, agreed to merge with General Host Corp., Stamford, Conn., for $3 per share on its 1.8 million outstanding shares of common stock.

Forest City takes shark-repellent measures —Page 2

Chains square off over use of "Builders" in name —Page 2

HomeClub opens 7th unit, eyes stock offering —Page 3

MARKET CLOSE-UP: Cape Cod —Page 20

Peter Kuntz' new campaign stresses family appeal —Page 23

Wickes on prowl for billion $ acquisition

Any potential target must be able to boost Wickes Cos.' bottom line

By Brad Altman
NHCN associate editor

LOS ANGELES — Wickes Cos. will spend as much as $1 billion on an acquisition within the next year, Sanford C. Sigoloff, chairman and chief executive, disclosed at the company's first annual meeting in four years.

Wickes emerged from nearly three years of reorganization under Chapter 11 of the U.S. Bankruptcy Code in January and three months later succeeded in raising $533 million in an offering of preferred stock and debentures (*NHCN*, May 20).

Sigoloff said a "major" acquisition would help the retailer accelerate the use of its $500 million net operating loss carryforward accumulated during Wickes' reorganization.

Under carryforward provisions of tax laws, income received from an acquired company is not taxable, which would allow Wickes to more quickly repay its debt.

Wickes is now paying off $55 million a year in interest and principal on debt expenses associated with repaying the Chapter 11 obligations, Sigoloff said.

Executive vp and cfo Wilhelm A. Mallory told *NHCN* following the May 21 meeting, which was attended by about 400 people, that Wickes may consider acquiring a wholesaling, distribution or retailing business.

Sigoloff said a "possible" choice is a consumer-oriented company operating in "national markets" with "predictable earnings." He added that an acquisition candidate would need to "fit in with [Wickes] management talents."

Financing the anticipated $1 billion price tag on a company would involve the use of the $533 million of preferred stock and debentures sold through investment banker Drexel Burnham Lambert Inc. in April, Sigoloff said. "One-half [$500 million] is in cash, the other half could be anything." He didn't specify the additional financing sources.

To meet Federal regulatory requirements in the aftermath

(Continued on page 66)

NHCNews Briefs

Industry Update

Scotty's files shelf offering

WINTER HAVEN, Fla. — Moving to lay the groundwork for a possible future debt offering to finance new store growth and expansion, Scotty's filed a shelf offering with the SEC on May 24 for $75 million worth of debt securities.

"Interest rates are starting to get more favorable, and we are planning ahead on our debt requirements," said Richard Martineau, vp/treasurer for the $440 million chain of 114 home centers.

Although the registration calls for the securities to be sold through Salomon Brothers, and Smith Barney, Harris Upham & Co., details such as names of the securities, interest rates, and timing had not yet been decided upon.

The company's last debt offering was in the summer of 1983, when it offered 990,000 common shares of stock to raise $27 million.

Hechinger slates Pitts. whses

LANDOVER, Md. — Hechinger, the $405 million home center chain, said it would open two warehouse units in Pittsburgh later this year. Details of the new ventures, including locations, were not available.

The company, which runs 47 stores, also announced its 41st consecutive quarterly earnings increase. Net earnings for this year's first quarter were $3.8 million, compared with $3.4 million for the same quarter last year.

Sales for the quarter were up 30%, to $114.6 million. Comparable store sales were up by 17%.

Pay 'N Pak closes 2 Tulsa units

KENT, Wash. — Pay 'N Pak's decision to close two "marginal operations" in Tulsa, Okla., last month lowers the chain's store count to 99 units in 17 western and midwestern states.

Company chairman David Heerensperger said "costs in connection with the closings were written off in the fourth quarter" of Pay 'N Pak's fiscal year, ended Feb. 28.

Earlier this year Pay 'N Pak closed a unit in the Seattle, Wash., area. The company did not disclose a reason for shuttering the store. Pay 'N Pak has not opened a new unit since May 1984.

A company spokesman said Pay 'N Pak continues to operate two units in Oklahoma City.

Depot's 1Q earnings fall 43%

ATLANTA — Conversion costs of its nine Bowater stores purchased late last year impacted Home Depot's first quarter earnings, which fell 43% to $1,045,000 for the three-month period.

Bowater alone suffered a net loss of $1,395,000 for the quarter ended May 5, on sales of $27,993,000. This loss, coupled with flat earnings growth from its other stores, resulted in a decline in Home Depot's earnings per share to 8¢ from 14¢ a year ago. Its sales for the quarter remained healthy, increasing by 51.3% to $145,048,000.

Lowe's plans 7 new units by '86

NEW YORK — Lowe's, the $1.7 billion North Wilkesboro, N.C.-based home center chain that now operates 275 stores, told securities analysts here that it planned to open three more stores during this year's second quarter, and another four stores by the end of the year. In addition, four more stores are currently under construction for opening by February of next year. Ten stores are also scheduled to be retrofitted into RSVP formats by the end of this year.

The three stores slated for this quarter are located in Fort Oglethorpe, Ga., Fort Pierce, Fla., and Southport, N.C. The first two are designed to have showrooms of 27,000 sq. ft., while the third will have a 6,000-sq.-ft. showroom and be oriented primarily toward professional sales.

The company also said it was looking at some very small acquisitions, that would involve taking on one or two units each, but that no decisions had yet been reached.

Cliff Oxford, the company's vp of corporate relations, also said that the company's new 400,000-sq.-ft. distribution center in the Atlanta suburb of Villa Rica, Ga., was scheduled to become operational by the end of last month.

Net sales for the three months ended April 30 were $452,330,000, up some 19% over the same period last year. Expenditures in regard to store retrofits and the taking on of the former Boise Cascade units were largely responsible for a 7% decline in earnings, which totaled $11.9 million for the first quarter.

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Vol. 11, No. 13 June 17, 1985

Dispute over 'Builders' name provokes legal suit in California

By Brad Altman
NHCN associate editor

LOS ANGELES — Builders Emporium wants Builders Square to rename itself when it begins opening stores in California, where Builders Emporium has 63 outlets and apparently believes the similarity of names will confuse consumers.

Builders Square has filed suit in Federal court to obtain a declaratory judgment that it may use its name without restriction.

Pretrial discovery and dissertation proceedings were under way late last month. No trial date had been set before Judge A. Wallace Tashima in the U.S. District Court.

"What we want is a preliminary injunction keeping them [Builders Emporium] from preventing us from coming to California," said Dick Alexander of the Chicago law firm Alexander Unikal Bloom Zalewa and Temenbaum, representing Builders Square.

Builders Square, the San Antonio-based K mart subsidiary, plans to open its first West Coast unit in Riverside, Calif., this summer.

The dispute was sparked by a letter that Builders Emporium, the Irvine, Calif., Weeks Co. division, sent this spring to K mart asserting that if Builders Square opened units under the Builders Square name in California it could constitute a trademark infringement.

Builders Emporium has been operating under that name since its original Van Nuys, Calif., store opened in the 1940's.

"The issue is that people refer to us as 'Builders' all the time and over the years we have developed a lot of goodwill and name-recognition using that name," said a BE official.

"We think it's kind of ridiculous," said K mart in-house counsel David Hears. "There are hundreds of companies with the name 'Builders' in [Cal]ifornia and thousands around the country."

This is not the first time that Builders Square has been involved in a name dispute. Before the company was acquired last summer by K mart, store names were changed from the original Home Pro Warehouse to Home Warehouse as part of the settlement of a suit brought by Pro Hardware.

Forest City controlling families move to guard against raiders

By Phillip M. Perry
NHCN senior editor

CLEVELAND — Forest City Enterprises said it would ask shareholders at its June 11 annual meeting to ratify the appointment of Ronald Ratner to its board of directors. Ratner is the vice president of Forest City Dillon, a construction contracting subsidiary.

When the appointment is ratified, members of the three families that control the $355 million corporation will occupy seven board seats, a majority of the 12 that are slotted for the company.

The move is part of a larger effort by the Ratner, Miller and Shafran families to position their company for growth without jeopardizing their control over its operations.

Forest City's concern reflects the growing number of hostile takeover efforts in industry, generally. Home center operators are well aware of the takeover of Evans Products by Victor Posner and some have taken protective action. Stockholders of Payless Cashways, for example, recently amended the company's articles of incorporation to protect the company against takeover attempts.

Forest City may be more nervous than most about protecting itself against attack by corporate raiders, however. The real estate held by Forest City Enterprises might be very tempting to takeover artists who seek companies that have stock trading at levels below the value of their holdings.

"Many analysts have said the stock of Forest City is worth from $25 to $35 a share, on a break-up basis," said Sheldon Grodsky, a real estate analyst at the New York investment firm of Edward A. Viner & Co. Late last month, the stock sold for 21½, somewhat shy of its 52-week high of 22¼.

"The real estate is certainly worth far in excess of its book value," said Grodsky, who has not, however, put pencil to paper to develop his own figure. "That [undervalued assets] is the essence of what the company is. The value of the real estate is a very subjective question. This is a company that has some unique assets," added Grodsky, pointing to downtown Cleveland's famous Terminal Tower—a Forest City property—as a prime example of an asset whose real value is difficult to assess.

The groundwork for the present effort to tighten control of the company was set a year ago, when shareholders approved a motion to divide the company's common stock into two classifications. Class A would have a higher dividend to make it more attractive to the public. Class B, on the other hand, would have 10 votes per share, and the right to elect 75% of the members of the board of directors.

"We classified the stock so that we can issue more without jeopardizing control of the company," said Lloyd T. Will, vp and controller of the corporation. Will indicated that the company presently had no plans to issue more stock. However,

(Continued on page 65)

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- *Pink Panther moonlights to tout water heaters* —Page 30
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Advertising & Marketing

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FINANCIAL NEWS

31 Gainers

5 Unchanged

8 Losers

Gainers outnumbered price-change losers 31 to 8, with five stocks unchanged, on *NHCN*'s Industry Market Summary for the week ended May 31.

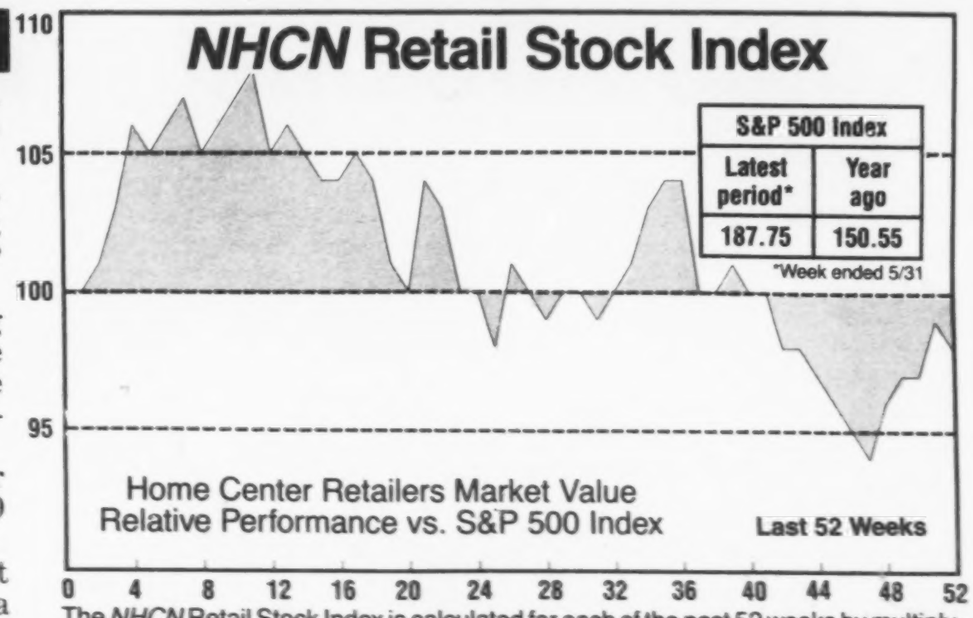
The Standard & Poor's 500 Index closed the period at 187.75, nearly 25% better than its year-ago figure. Retail home center stocks just about kept pace, as the *NHCN* Retail Stock Index closed at 98.0, relative to the S&P 500 Index.

Market activity on home center issues continued at a brisk pace during the two-week period at 50 of the 54 stocks listed traded at a higher volume than their 12-week average. Wolohan Lumber, Hechinger A and B, Home Depot, Boise Cascade, Sears, Edison Bros. and Lowe's were the most active retail stocks.

Waxman Industries, a major plumbing department supplier, had by far the highest two-week percentage price increase—22.4%, to $16.38 on 3.9 million shares traded.

Home Depot and Payless Cashways were the two biggest losers for the period. Depot closed at $16.50, down 13.7%, on some 18 million shares traded, while Payless was at $20.50, down 10.4%, on a two-week volume of 7.85 million shares.

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219



The *NHCN* Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues (combined price divided by total shares outstanding) by a constant (k) which adjusts the index to show its relation to the performance of the S&P 500 Index over the past 52 weeks.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
	(100)	%	%
Wolohan Lumber M	3,684	383.8	3.8
Hechinger A M	3,880	344.0	- 1.8
Home Depot N	18,643	316.2	- 13.7
Boise Cascade N	15,542	289.7	7.5
Sears, Roebuck N	104,565	252.4	7.3
Edison Bros N	2,551	245.2	2.2
Hechinger B M	1,824	236.7	- 1.7
Walter, Jim N	9,624	232.3	6.4
Emhart Corp N	6,248	229.0	- .9
Lowe's Cos N	9,069	224.7	.0

TOP GAINERS

Company & Market	2-Weeks Ended 5-31-85	2-Week Price Change	Total 2-Week Volume
	$	%	(100)
Waxman Ind M	16.38	22.4	3,885
Am Standard N	32.00	9.4	6,797
USG Corp N	38.75	9.2	11,528
Lewis Palmer M	9.00	9.1	859
MacMlln Bldel N	16.75	8.9	350

TOP LOSERS

Company & Market	2-Weeks Ended 5-31-85	2-Week Price Change	Total 2-Week Volume
	$	%	(100)
Home Depot N	16.50	- 13.7	18,643
Payless Cash N	20.50	- 10.4	7,850
Clopay Corp A	19.38	- 7.7	108
Georgia-Pacific N	22.75	- 7.6	23,978
SW Forest Ind N	12.13	- 7.6	1,236

National Home Center News®

HOME CENTER INDUSTRY MARKET SUMMARY

Stock Market — Price: 2-Weeks Ended 5-31-85 $; 2-Weeks Change Amt. $, Pct. %; 2-Week Range High $, Low $; 52-Week Range High $, Low $. Volume: 2-Weeks Shares Traded Total (100), % Out %; 12-Week Avg. Vol. As % Out %; Volume Trend Change %.

Financial Update — P/E Ratio -; Indicated Divd. Rate Amt. $, Yld. %; Latest Report: New Report -, Period -, Date Ended -; Latest Quarter: Revenue Amt. $Mil, Chg. %; Net Income Amt. $Mil, Chg. %; E.P.S. Amt. $, Chg. %; Year-to-Date: Revenue Amt. $Mil, Chg. %; Net Income Amt. $Mil, Chg. %; E.P.S. Amt. $, Chg. %.

Company and Market	2-Weeks Ended 5-31-85	2-Weeks Change Amt.	2-Weeks Change Pct.	2-Week Range High	2-Week Range Low	52-Week Range High	52-Week Range Low	2-Weeks Shares Traded Total	2-Weeks Shares Traded % Out	12-Week Avg. Vol. As % Out	Volume Trend Change	P/E Ratio	Indicated Divd. Rate Amt.	Indicated Divd. Rate Yld.	Latest Report New Report	Latest Report Period	Latest Report Date Ended	Latest Quarter Revenue Amt.	Latest Quarter Revenue Chg.	Latest Quarter Net Income Amt.	Latest Quarter Net Income Chg.	Latest Quarter E.P.S. Amt.	Latest Quarter E.P.S. Chg.	Year-to-Date Revenue Amt.	Year-to-Date Revenue Chg.	Year-to-Date Net Income Amt.	Year-to-Date Net Income Chg.	Year-to-Date E.P.S. Amt.	Year-to-Date E.P.S. Chg.
-	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Retailers																													
Boise Cascade N	44.88	3.13	7.5	44.88	42.50	44.88	32.50	15,542	5.69	1.46	289.7	18.7	1.90	4.2	.....	3 mos.	03-85	957.5	1.0	33.3	19.4	1.12	17.9	957.5	1.0	33.3	19.4	1.12	17.9
Color Tile M	16.75	.13	.8	17.00	16.38	20.00	13.63	3,024	3.28	1.66	97.6	11.9	.00	.0	.....	9 mos.	03-85	90.7	14.7	3.1	- 20.5	.33	- 19.5	249.4	18.4	9.3	- 8.8	1.01	- 1.9
Edison Bros N	35.25	.75	2.2	36.00	34.13	37.50	31.50	2,551	2.52	.73	245.2	13.5	1.60	4.5	NEW	3 mos.	03-85	276.9	- 9.2	3.9	- 61.0	.38	- 60.0	276.9	- 9.2	3.9	- 61.0	.38	- 60.0
Erb Lumber O	22.00	.00	.0	24.00	22.00	22.50	18.00	26	.29	.18	61.1	6.7	.00	.0	.....	3 mos.	03-85	27.1	2.3	(.4)	NE	(.40)	NE	27.1	2.3	(.4)	NE	(.40)	NE
Evans Prod N	2.00	- .13	- 5.9	2.13	2.00	6.50	1.75	1,005	.73	.81	- 9.9	NE	.00a	.0	NEW	3 mos.	03-85	229.3	- 22.6	(39.7)	NE	(2.95)	NE	229.3	- 22.6	(39.7)	NE	(2.95)	NE
Forest City Ent A	21.75	.75	3.6	21.75	21.25	22.25	15.00	23	.06	.04	50.0	44.4	.15	.7	NEW	fiscal	01-85	75.3	20.7	.9	NE	.09	NE	264.5	6.2	3.9	- 7.1	.49	- 5.8
Grace W R N	42.63	1.25	3.0	42.88	40.63	44.50	37.63	5,409	1.11	.91	22.0	11.2	2.80	6.6	.....	3 mos.	03-85	1580.0	5.5	35.5	- 22.7	.72	- 23.4	1580.0	5.5	35.5	- 22.7	.72	- 23.4
Hechinger A M	27.25	- .50	- 1.8	29.00	27.00	29.00	15.75	3,880	5.55	1.25	344.0	NA	.16	.6	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	28.50	- .50	- 1.7	30.25	27.75	30.25	16.75	1,824	1.65	.49	236.7	24.8	.10	.4	.....	fiscal	01-85	102.4	29.6	6.1	19.6	.34	17.2	405.1	30.9	20.9	29.0	1.15	27.8
Hines Ed Lumber O	39.50	.00	.0	40.50	39.50	43.75	32.50	4	.02	.26	- 92.3	27.6	1.00	2.5	.....	fiscal	12-84	68.4	10.3	.2	- 33.3	.13	- 27.8	280.8	12.5	2.5	38.9	1.43	38.8
Homecrafters Whse M	8.50	.25	3.0	8.75	7.75	16.25	5.25	1,251	4.43	2.25	96.9	40.5	.00	.0	.....	fiscal	10-84	41.3	58.2	(2.3)	- 100.0	(.81)	- 100.0	121.2	54.6	(1.6)	- 100.0	(.55)	- 100.0
Home Depot N	16.50	- 2.63	- 13.7	20.38	16.25	27.88	12.00	18,643	7.45	1.79	316.2	29.5	.00	.0	.....	fiscal	01-85	117.4	42.3	3.6	9.1	.14	7.7	432.8	68.9	14.1	36.9	.56	36.6
K mart Cp N	38.88	1.25	3.3	39.88	37.00	41.50	28.38	38,437	3.07	1.63	88.3	10.1	1.40	3.6	NEW	3 mos.	04-85	4984.1	19.3	58.5	.9	.46	2.2	4984.1	19.3	58.5	.9	.46	2.2
Lowe's Cos N	28.88	.00	.0	31.13	28.50	31.13	16.25	9,069	2.50	.77	224.7	17.0	.36	1.2	.....	fiscal	01-85	375.9	13.6	10.5	10.5	.29	11.5	1688.8	18.0	61.4	21.3	1.70	21.4
Mich General A	6.00	.25	4.3	6.38	5.50	8.50	4.75	2,585	2.28	.77	196.1	28.6	.00	.0	.....	3 mos.	03-85	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0
Natl Lumber M	5.00	.00	.0	5.38	5.00	7.50	4.50	276	.49	.43	14.0	20.8	.00	.0	.....	fiscal	12-84	31.8	7.8	.3	200.0	.06	200.0	127.9	12.7	1.3	- 40.9	.24	- 48.9
Pay N Pak N	13.88	.50	3.7	14.00	13.25	17.50	11.50	3,758	3.76	2.20	70.9	13.7	.60	4.3	NEW	fiscal	02-85	61.5	15.2	1.2	- 45.5	.12	- 50.0	305.2	22.3	10.1	1.0	1.01	- 9.0
Payless Cash N	20.50	- 2.38	- 10.4	23.38	19.75	23.38	13.50	7,850	2.29	1.37	67.2	18.5	.16	.8	.....	3 mos.	02-85	254.9	29.1	1.6	- 38.5	.05	- 44.4	254.9	29.1	1.6	- 38.5	.05	- 44.4
Scott Seabd O	1.50	.00	.0	2.00	1.50	2.75	1.00	10	.06	.06	.0	15.0	.00	.0	.....	fiscal	01-85	7.9	3.9	.0	NE	(.02)	NE	37.4	6.6	.2	- 71.4	.10	- 73.7
Scotty's Inc N	14.13	- .25	- 1.7	15.63	14.00	16.38	11.38	1,283	.97	.41	136.6	10.6	.52	3.7	.....	9 mos.	03-85	121.7	6.0	5.0	- 12.3	.38	- 13.6	333.0	7.2	12.0	- 1.6	.90	- 6.3
Sears, Roebuck N	38.63	2.63	7.3	38.75	35.63	38.75	29.75	104,565	2.89	.82	252.4	9.6	1.76	4.6	.....	3 mos.	03-85	8902.9	5.4	223.3	4.4	.60	.0	8902.9	5.4	223.3	4.4	.60	.0
SW Forest Ind N	12.13	- 1.00	- 7.6	13.13	12.00	20.13	11.75	1,236	1.33	1.07	24.3	40.4	.00	.0	.....	3 mos.	03-85	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0
Std Brd Pnt N	21.13	- .75	- 3.4	22.63	20.63	22.63	16.50	2,847	2.55	1.54	65.6	11.3	.56	2.7	.....	fiscal	01-85	70.7	6.0	4.5	36.4	.40	33.3	314.9	6.1	20.8	11.8	1.87	11.3
Supermkts Gen N	45.25	2.50	5.8	45.88	42.63	45.88	21.75	8,728	4.90	1.54	218.2	15.3	.42	.9	.....	fiscal	01-85	1336.1	46.0	22.1	62.5	1.25	62.3	4346.7	23.6	52.4	28.7	2.95	28.3
Wolohan Lumber M	6.75	.25	3.8	7.25	6.50	7.25	4.00	3,684	6.29	1.30	383.8	15.3	.16	2.4	.....	3 mos.	03-85	23.1	4.1	(.3)	NE	(.06)	NE	23.1	4.1	(.3)	NE	(.06)	NE
Wholesalers																													
Lewis Palmer M	9.00	.75	9.1	9.00	8.38	9.75	7.09	859	2.30	.98	134.7	29.0	.28b	3.1	.....	fiscal	01-85	30.7	25.3	(.3)	- 100.0	(.10)	- 100.0	144.4	19.3	1.1	- 38.9	.31	- 53.7
Manufacturers																													
Allegheny Int N	25.13	.25	1.0	26.00	24.88	28.75	18.75	1,569	1.49	1.11	34.2	NE	1.40	5.6	NEW	3 mos.	03-85	507.2	1.9	5.1	- 7.3	(.35)	NE	507.2	1.9	5.1	- 7.3	(.35)	NE
Am Standard N	32.00	2.75	9.4	32.00	29.50	35.38	22.88	6,797	1.74	1.05	65.7	10.8	1.60	5.0	.....	3 mos.	03-85	789.0	25.1	20.3	2.0	.52	- 17.5	789.0	25.1	20.3	2.0	.52	- 17.5
Armstrng Wrld N	37.38	.88	2.4	38.00	36.50	38.00	23.25	5,578	2.34	1.49	57.0	10.4	1.30	3.5	.....	3 mos.	03-85	376.6	- 1.8	17.9	- 23.8	.75	- 20.2	376.6	- 1.8	17.9	- 23.8	.75	- 20.2
Black & Decker N	20.50	- .50	- 2.4	22.75	20.00	26.88	17.25	21,762	4.32	1.61	168.3	11.6	.64	3.1	.....	6 mos.	03-85	403.1	26.4	14.8	- 35.9	.29	- 40.8	906.1	33.8	43.8	- 12.0	.86	- 18.1
Certain-teed N	27.13	2.00	8.0	27.25	25.75	27.25	15.75	2,203	1.16	.46	152.2	12.7	.70	2.6	.....	3 mos.	03-85	252.9	- 9.3	8.2	- 9.9	.41	- 8.9	252.9	- 9.3	8.2	- 9.9	.41	- 8.9
Champ Intl N	23.50	.13	.5	24.00	23.00	26.75	16.88	30,977	3.34	1.65	102.4	NE	.40	1.7	.....	3 mos.	03-85	1645.8	43.4	43.8	50.5	.43	- 6.5	1645.8	43.4	43.8	50.5	.43	- 6.5
Clopay Corp A	19.38	- 1.63	- 7.7	22.00	19.38	22.19	10.91	108	.72	.91	- 20.9	12.8	.16	.8	.....	3 mos.	03-85	29.2	5.4	(.5)	NE	(.29)	NE	29.2	5.4	(.5)	NE	(.29)	NE
DeSoto Inc N	34.00	- .50	- 1.4	34.50	33.50	37.88	26.75	513	1.08	.48	125.0	11.0	1.40	4.1	.....	3 mos.	03-85	93.0	4.8	.8	- 77.8	.17	- 73.8	93.0	4.8	.8	- 77.8	.17	- 73.8
Emhart Corp N	27.75	- .25	- .9	28.75	27.63	32.25	24.53	6,248	2.27	.69	229.0	9.5	1.40b	5.0	.....	3 mos.	03-85	419.9	- 8.9	14.1	- 33.5	.51	- 40.0	419.9	- 8.9	14.1	- 33.5	.51	- 40.0
Georgia-Pacific N	22.75	- 1.88	- 7.6	25.13	22.00	27.38	18.00	23,978	2.34	1.25	87.2	22.1	.80	3.5	.....	3 mos.	03-85	1580.0	6.2	49.0	- 3.9	.43	16.2	1580.0	6.2	49.0	- 3.9	.43	16.2
Insilco Corp N	18.38	- .63	- 3.3	19.38	17.63	20.72	13.81	2,712	1.52	.62	145.2	10.3	1.00b	5.4	.....	3 mos.	03-85	197.3	4.8	6.0	- 9.1	.33	- 8.3	197.3	4.8	6.0	- 9.1	.33	- 8.3
La Pacific N	21.50	.63	3.0	22.38	21.25	24.75	16.50	5,376	1.56	.75	108.0	17.5	.80b	3.7	.....	fiscal	12-84	283.7	- 3.0	21.0	195.8	.64	204.8	1230.0	11.6	42.2	51.3	1.23	50.0
MacMlln Bldel N	16.75	1.38	8.9	16.75	15.13	21.81	15.00	350	.12	.06	100.0	NE	.00a	.0	.....	fiscal	12-84	578.5	11.0	24.0	77.8	.58	87.1	2127.6	4.1	19.3	589.3	(.20)	NE
Manville Cp N	5.88	.25	4.4	5.88	5.13	10.63	5.13	6,932	2.89	1.23	135.0	2.7	.00	.0	.....	fiscal	12-84	456.5	5.8	18.2	1416.7	.50	NE	1814.2	4.9	77.2	14.9	2.18	23.9
Masco Corp N	35.38	.88	2.5	35.75	34.50	35.75	22.50	6,581	1.16	.69	68.1	17.7	.56	1.6	.....	fiscal	12-84	214.7	- 20.9	21.7	- 27.2	.33	- 35.3	1019.7	- 3.8	115.9	8.7	2.00	8.7
Natl Gypsum N	45.50	.25	.6	45.88	44.63	45.88	27.00	5,577	3.58	1.36	163.2	6.5	2.00	4.4	.....	3 mos.	03-85	365.8	- 6.2	26.0	7.4	1.67	7.7	365.8	- 6.2	26.0	7.4	1.67	7.7
Newell Co N	16.13	.13	.8	16.25	15.88	19.00	13.25	658	.77	.42	83.3	9.9	.50	3.1	.....	3 mos.	03-85	79.5	4.3	3.2	10.3	.35	2.9	79.5	4.3	3.2	10.3	.35	2.9
Owens Corning N	35.13	.63	1.8	35.25	34.00	37.00	25.13	4,528	1.53	.83	84.3	8.5	1.40	4.0	.....	3 mos.	03-85	678.0	- 2.4	28.0	35.3	.95	35.7	678.0	- 2.4	28.0	35.3	.95	35.7
Pope & Talbot N	20.50	.25	1.2	21.50	20.38	21.50	15.00	324	.54	.26	107.7	NE	.80	3.9	.....	3 mos.	03-85	83.1	3.6	2.2	4.8	.37	5.7	83.1	3.6	2.2	4.8	.37	5.7
Potlatch Cp N	35.50	- .25	- .7	36.63	34.63	38.13	25.75	1,404	.91	.52	75.0	12.7	1.56	4.4	.....	fiscal	12-84	236.1	1.2	10.0	- 1.0	.58	16.0	993.9	9.6	49.6	22.5	2.80	37.9
Sherwin-Wms N	39.50	.88	2.3	39.88	37.75	39.88	24.00	5,334	2.37	.83	185.5	13.8	.92	2.3	.....	3 mos.	03-85	492.1	6.1	5.7	14.0	.25	13.6	492.1	6.1	5.7	14.0	.25	13.6
Stanley Works N	30.13	.38	1.3	30.38	29.50	30.38	19.50	3,365	1.25	.89	40.4	11.5	.96	3.2	.....	3 mos.	03-85	276.9	4.3	14.0	1.4	.52	6.1	276.9	4.3	14.0	1.4	.52	6.1
Thos Inds N	15.88	- .13	- .8	16.75	15.50	18.88	12.38	323	.38	.15	153.3	9.0	.68b	4.3	.....	3 mos.	03-85	73.9	17.5	3.2	- 22.0	.37	- 22.9	73.9	17.5	3.2	- 22.0	.37	- 22.9
Triangle Pac N	26.25	- .38	- 1.4	27.25	26.25	31.25	20.75	1,542	3.79	2.09	81.3	7.9	1.00	3.8	.....	3 mos.	03-85	62.1	.6	2.6	4.0	.62	3.3	62.1	.6	2.6	4.0	.62	3.3
USG Corp N	38.75	3.25	9.2	39.00	35.63	39.00	22.50	11,528	3.49	1.38	152.9	6.8	1.68	4.3	.....	3 mos.	03-85	588.3	22.4	42.5	7.6	1.28	7.6	588.3	22.4	42.5	7.6	1.28	7.6
Walter, Jim N	37.25	2.25	6.4	37.88	35.50	37.88	22.00	9,624	4.42	1.33	232.3	7.7	1.40	3.8	.....	6 mos.	02-85	526.3	- 6.8	15.0	30.4	.69	32.7	1084.6	- 3.9	42.1	24.2	1.93	24.5
Waxman Ind M	16.38	3.00	22.4	16.75	13.13	16.38	3.50	3,885	12.86	4.64	177.2	20.7	.08	.5	.....	9 mos.	03-85	20.5	97.1	.5	66.7	.19	58.3	61.4	105.4	1.7	142.9	.66	144.4
Weyerhaeuser N	28.88	- .63	- 2.1	30.25	28.50	34.00	25.75	17,989	1.39	.80	73.8	18.9	1.30	4.5	.....	3 mos.	03-85	1275.7	- .1	38.2	4.4	.24	4.3	1275.7	- .1	38.2	4.4	.24	4.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend

b—Indicates cash plus stock dividend when applied to dividend amount column
All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

LUMBER REPORT

Supplier restraint only solution to wood overproduction problem

By Hawk Furman
Special to NHCN

A tragic paradox plagues the softwood lumber and panelboard manufacturers in North America. The robust housing market and strong DIY home center sales should be insuring them tremendous prosperity. Instead, they are fighting for survival. The manufacturers' red ink continues to flow on both sides of the United States and Canadian borders. Prices of softwood lumber products remain depressed. In *1967* dollars, the mill price of 2 x 4 random length Western S.P.F. today is $47 per thousand board feet down from $87 per thousand board feet in 1967. There will probably be no relief for the mills until there are more voluntary permanent plant closures, bankruptcy closures or the Government intervenes. There is just simply too much production for current demands.

Softwood mills throughout North America have been very progressive in streamlining. They have lowered costs by reducing wages and fringe benefits, and, through state-of-the-art technology. This results in better recovery of wood fiber and higher unit output per shift. The consequences of these progressive moves has created an oversupply of products which creates a buyers market which, in turn, causes prices to remain depressed. There are 150 fewer mills in the western United States than in 1978. Yet, these fewer mills produced 1.5 billion more board feet of product in 1984 than was produced in 1978. North American softwood lumber production was a record 52 billion board feet in 1984. This is an increase of two billion board feet over the previous record year of 1978, when housing starts were at two million.

There is some movement in Washington which could alter the supply/demand balance of softwood lumber products. Currently two bills in Congress are aimed at limiting the amount of Canadian lumber imports. Congressman Weaver from Oregon has submitted a bill which would limit the percentage of Canadian imports to 20%. Canadian wood currently fills 30% to 31% of the current softwood lumber consumption needs of the United States.

'Tariffs and import quotas are short-term solutions to a long-term problem. They are disruptive to world trade, encourage waste and ineffectiveness and are detrimental to the consumer.'

—Hawk Furman

Congressman Bonker of Washington state has introduced a bill to impose a 10% tariff on all Canadian softwood products if the Canadian Government refuses to voluntarily cut exports of softwood lumber products to the United States.

Recently President Reagan has asked the United States Special Trade Representative to investigate the Canadian lumber imports and their effect on the United States marketplace. The findings will be presented to the International Trade Commission on July 8, 1985.

There are no easy solutions to the problem of overproduction of softwood lumber in North America. The chances that consumption will increase are very slight. There are signs of overbuilding in condominiums and commercial building in all areas of the country. Dallas, for example, has a five to six year supply of unsold condos.

Tariffs and import quotas are short term solutions to a long term problem. They are disruptive to world trade, encourage waste and ineffectiveness and are detrimental to the consumer.

The computer industry routinely goes through cycles of overproduction. What do IBM, Digital, Apple and others do? They curtail or stop production to allow demand to catch up with supply. It could be that the best solution for the manufacturers is to show restraint and curtail production. The irony is that by producing less product although at a higher cost, they might make more dollars on the bottom line.

FUTURES

Two weeks ended May 16, 1985

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
May '85	149.20	144.90	148.70	149.10	42	225.00	121.10
July	160.70	151.00	159.60	155.10	4,383	230.50	129.30
Sept.	161.80	152.10	160.60	156.20	2,120	197.50	135.30
Nov.	160.70	152.40	159.50	156.10	1,826	186.10	137.80
Jan. '86	165.10	158.00	164.50	161.80	432	187.30	144.60
March	169.40	162.50	168.00	167.10	176	188.20	149.00
May	173.50	166.00	171.40	169.50	97	173.50	153.00

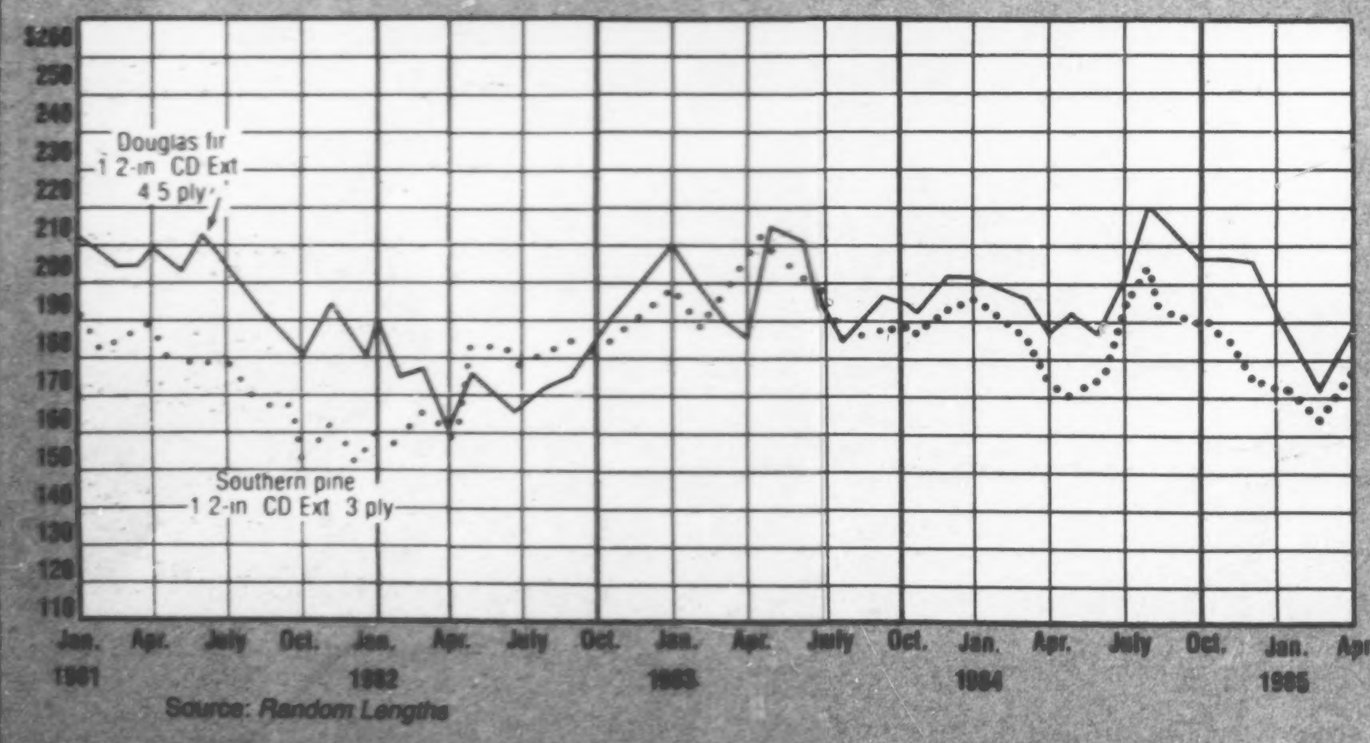
Total Contract Vol. (Through 5/16): 23,221 — **Previous Two Weeks: 23,126**
Total Open Interest (As of 5/16): 9,078 — **Previous Week: 8,802**
Cash Price: $159.74 — **Previous Week: $151.90** — **Year Ago: $148.96**

CME—Chicago Mercantile Exchange

*Figures for Thursday, May 16.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Commodity close-up: Western & Southern Plywood

Average monthly mill prices

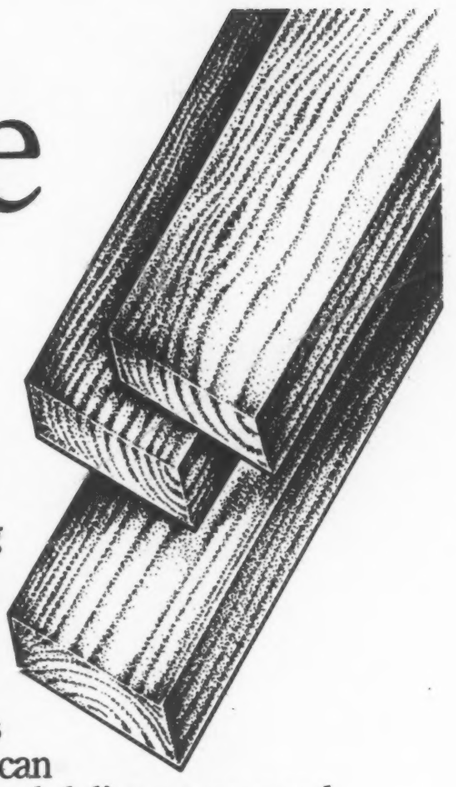


Source: *Random Lengths*

Plywood prices continued downward through March, heading toward five-year lows, but rebounded in April on strong demand for both western and southern products.

Prices for western ½-in. CD Ext. four-five ply rebounded to $188 per thousand square feet in April from $173 in March, as southern ½-in. CE Ext. three-ply hit $178 in April from $165 in March.

Pressure treated lumber.



Georgia-Pacific has everything it takes to help you meet the rapidly growing do-it-yourself demand for pressure treated lumber. And with over 140 Distribution Centers and Sales Offices all across America, we can provide the products, service and delivery you need. Georgia-Pacific. We want to be your single source of supply for pressure treated lumber. Call us today.

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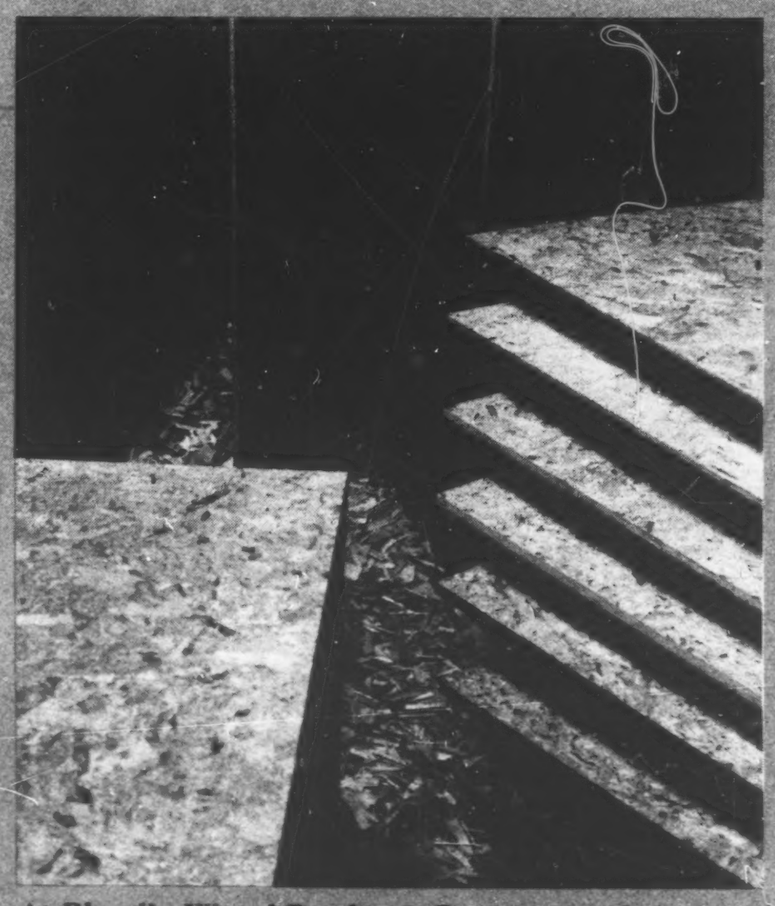

At Blandin Wood Products Company we're proud we were pioneers in the production and development of waferboard and that our research and development of Blandex® continually improves the products we create and ship from our state-of-the-art waferboard plant in Grand Rapids, Minnesota.

We're proud of our full line of Blandex® products:

- ☐ Close tolerance (± .005 inch) ¼" sanded underlayment.
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- ☐ Smooth, strong Grade A 4'x8' panels, free of knots and voids in seven thicknesses and available with Leskid™ edge seal.
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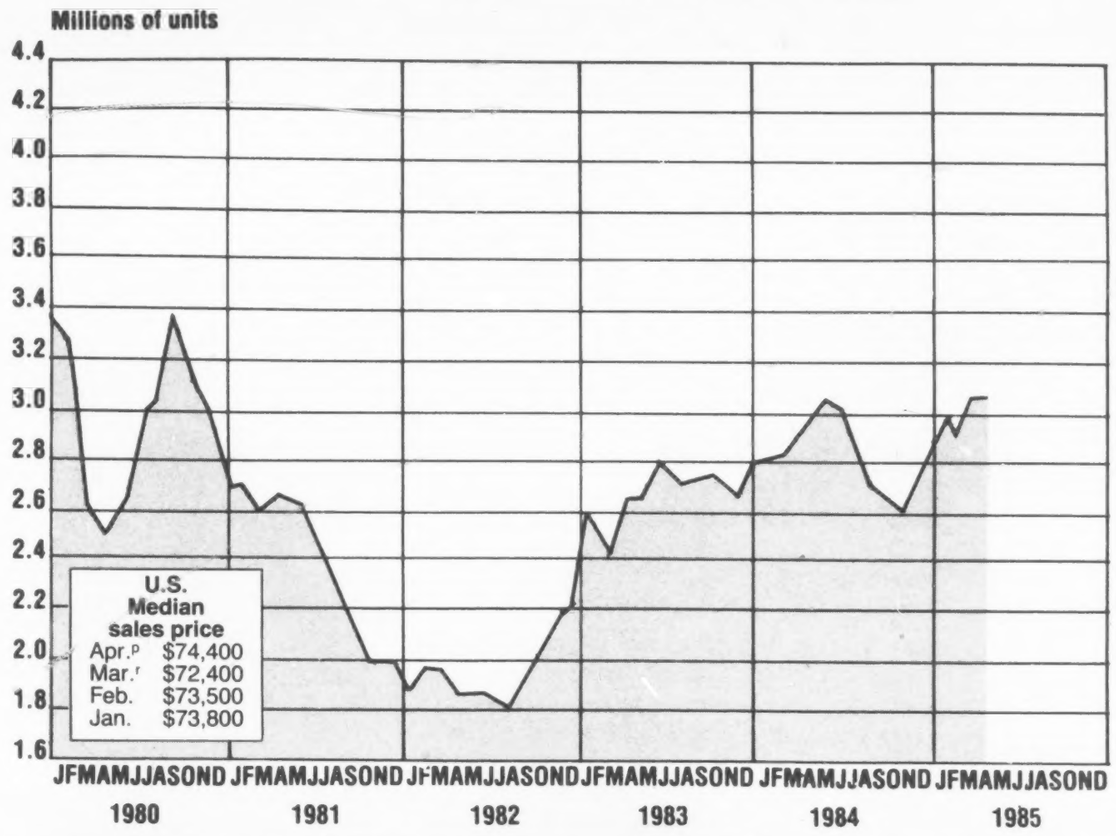
Most of all, we're proud of our people who are dedicated to serving Blandex® customers and responding to their needs.

Blandex® people are "Changing the Way America Builds."

BWP® Blandin Wood Products Co. 502 County Rd. 63, Grand Rapids, MN 55744 (218) 327-6364

HOUSING WATCH

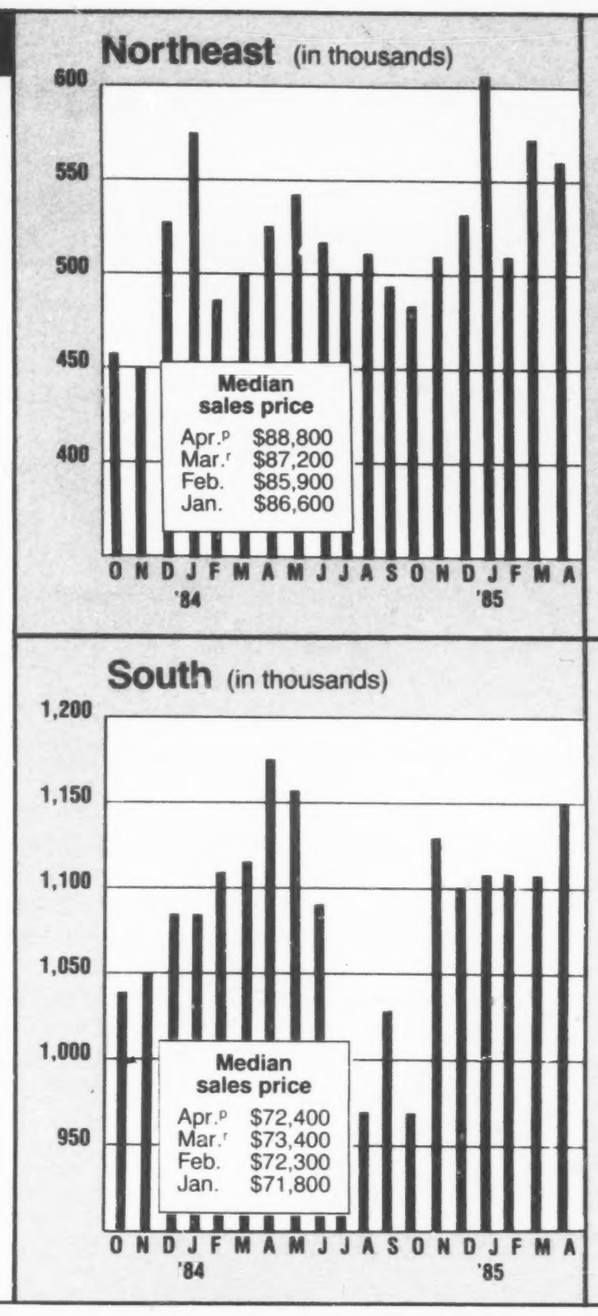
Existing single-family home sales

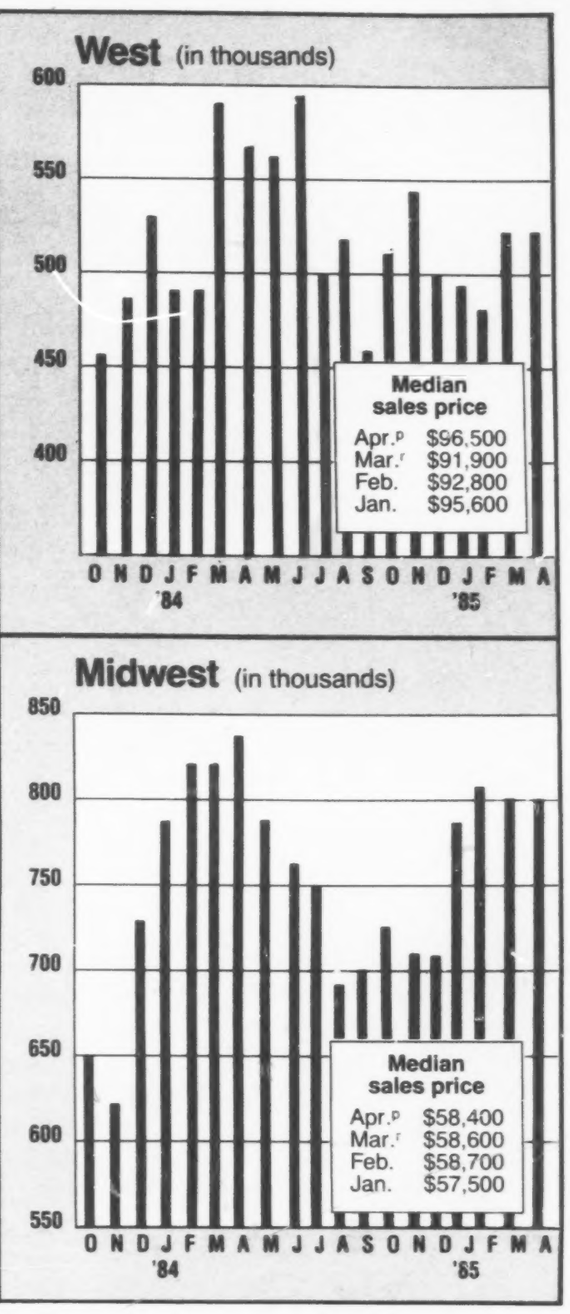


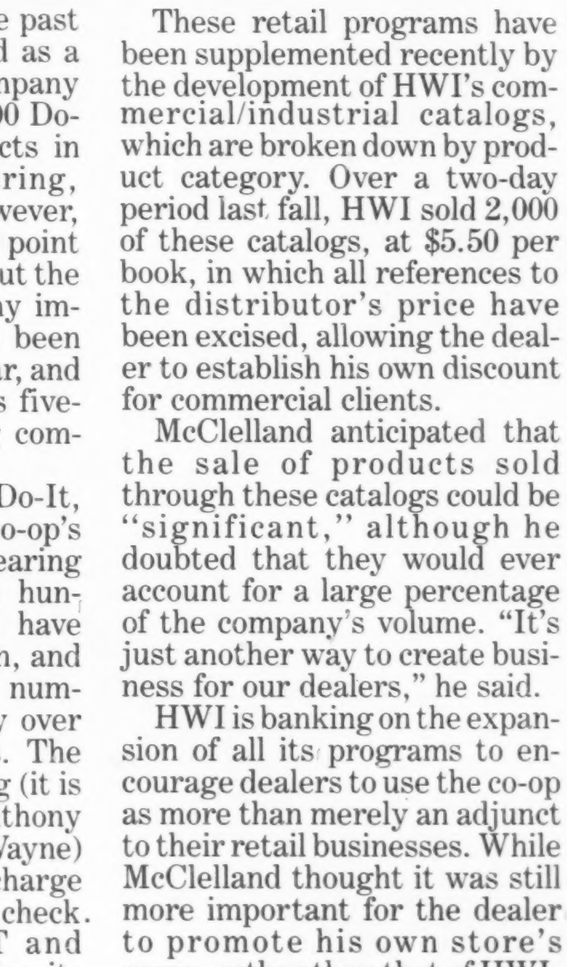
Economists with the Nat'l Assn. of Realtors are reporting that April's seasonally adjusted 3.04 million homes available for resale represent "a balanced supply" of housing. And, with 30-year fixed-rate mortgages declining to 12.12%, the lowest since May of 1984 when the rate was 12.10%, April's median house price of $74,400, an increase of just $200 over March, is assuring the dream of home ownership for many more families.

p = preliminary r = revised

Source: Nat'l Assn. of Realtors







April home resales hit 5 year high

NATIONAL REPORT — Sales activity of existing single-family homes set a five-year record in April.

The National Assn. of Realtors has reported that the seasonally adjusted annual sales rate of existing single-family homes hit 3.04 million units in April, the highest annual rate since November 1980, when the pace was 3.05 million units.

This represents a 0.3% increase over March when 3.03 million units, seasonally adjusted, were recorded, the same as in April 1984.

Unsold inventory amounted to 2.75 million units, down from 2.80 million in March, the NAR reported.

The average price of a resale was $74,400 in April, $200 more than it was in March and $2,300 more than the median sale price in April 1984.

The strong resale activity is due in large part to declining home mortgage rates. The Federal Home Loan Bank Board reported that 30-year fixed-rate mortgages fell to 12.12% in April from 12.07% in March, representing the lowest rate since last May when the rate was 12.10%.

"Recent declines in mortgage rates are helping an increasing number of families achieve the American dream of homeownership," asserted NAR's president David D. Roberts.

He estimated that 3.1 million existing single-family homes are likely to sell this year, making 1985 the best year for home resale activity since 1979, when 3.827 million units were sold.

Dr. Jack Carlson, NAR's executive officer and chief economist, said the March-to-April increase in home resale activity was due mostly to increases in the South, where a seasonally adjusted pace of 1.150 million units were recorded, an increase of 1.8%. The median resale price there was $72,400, a decline of $1,000 from March. That 17-state region produced 105,000 actual sales in April, 6,000 more than were recorded in March and 3,000 more than last April.

The seasonally adjusted resale activity in the Northeast declined 1.8% or by 10,000 units in April from March, but recorded a $1,600 jump in median home price, to $88,800.

Only the 13-state Western region recorded a larger median resale home price increase, $4,600 in April, to $96,500 from $91,900 in March. The seasonally adjusted rate of 520,000 units recorded in March was unchanged in April.

Activity also was unchanged in the Midwest during April when 800,000 units, seasonally adjusted, was recorded. The average selling price there of a previously occupied home was $58,400, $200 less than in March.

According to the NAR, more than 53% of the resales in April were in the $40,000 to $90,000 price range. Fifty-four per cent of all the resales were three-bedroom homes.

HWI celebrates 40th with DC promotions

(Continued from page 3)

vertising promotional manager. That person will attend an intensive, three-day seminar, which will concentrate on marketing training, and also attend a one-day "brush up" seminar twice a year—to be scheduled just prior to HWI's buying shows in May and October—"where they'll share success stories," said McClelland.

In conjunction with SMART, HWI also plans to offer its stores a listing of what McClelland called "high traffic, consumable items," which can be used as rotating stock on endcaps and promotional displays.

"The one thing we're always hearing from our members is that they like the dump bins and endcaps in their stores, but have trouble keeping them full," he explained. "So, we formed SMART so the stores will have a skilled person to handle all aspects of merchandising, marketing and promoting these products."

HWI's 12-member board of directors not only enthusiastically endorsed SMART, but, according to McClelland, were the first dealers to ask about sending people from their respective stores to the seminars, which are expected to begin for groups of 50 employees in September.

In one sense, SMART is the culmination of a five-year program HWI has been developing to get its dealers more involved in the co-op's activities.

In 1980, the company hired a planning instructor from Indiana University, and subsequently developed its Inventory Margin and Control Systems (IMSC), an automatic reordering/inventory control/margin protection program for its dealers.

Two years later, the company launched its "Do-It" retrofit program, which many in the industry have credited with changing the face of the retail hardware industry.

"In home improvement retailing, the move now is to dominate the market, and look how aggressive companies like Payless Cashways and Lowe's have become," said McClelland. "Hardware dealers have been the last to create sales for themselves, which is what 'Do-It' does for them."

So far, over 100 HWI dealers are at some stage of converting their units to Do-It, and McClelland estimates that, by year's end, 200 dealers will be in transition.

The Do-It program has spawned a number of imitators among the other buying organizations, as Cotter & Co., Ace Hardware, American Hardware Supply and, in the fall, Our Own Hardware, have various "Store of the Future" prototypes operating or on the drawing board.

McClelland was particularly defensive when comparing Do-It to the programs offered by HWI's competitors, which he claims "don't really believe in their programs, but are only reacting to complaints from their members about not having what HWI dealers are offered." He also insisted that Do-It's key advantage was that it was developed with a retail designer, the Canadian firm Don Watt & Associates.

At any rate, the Do-It program has contributed mightily to HWI's growth over the past few years and has served as a springboard for other company programs. There are 1,200 Do-It private labeled products in HWI's 35,000-sku offering, which will increase. However, McClelland was quick to point out that HWI would not put the Do-It private label on any imported item until it has been tested in the field for a year, and then evaluated by HWI's five-member private labeling committee.

Another offshoot of Do-It, started on April 1, is the co-op's proprietary credit card bearing the "Do-It" name. Five hundred and fifty dealers have signed up for the program, and McClelland expects that number to grow substantially over the next several months. The card costs dealers nothing (it is underwritten by the Anthony Wayne Bank of Fort Wayne) and allows customers to charge up to $150 before a credit check.

Along with SMART and Do-It, HWI is also offering its dealers "VITAL." The Video In-Store Training and Management Library provides the co-op's retailers with monthly, half-hour videotapes to train a store's workforce in a variety of operational, merchandising and other procedures.

These retail programs have been supplemented recently by the development of HWI's commercial/industrial catalogs, which are broken down by product category. Over a two-day period last fall, HWI sold 2,000 of these catalogs, at $5.50 per book, in which all references to the distributor's price have been excised, allowing the dealer to establish his own discount for commercial clients.

McClelland anticipated that the sale of products sold through these catalogs could be "significant," although he doubted that they would ever account for a large percentage of the company's volume. "It's just another way to create business for our dealers," he said.

HWI is banking on the expansion of all its programs to encourage dealers to use the co-op as more than merely an adjunct to their retail businesses. While McClelland thought it was still more important for the dealer to promote his own store's name, rather than that of HWI, in the field, "we believe that by giving the dealer the ability to compete in the market, the strength of his name makes HWI successful. And that strength is increased when the dealer participates in what we have to offer."

Two sets of bin racks are used to display the wallpaper selection at the Pergament warehouse store in Bethpage, N.Y.

NHCN photo